

Message Text

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62

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 GSA-02 INT-08

COME-00 TRSE-00 L-03 OMB-01 SPC-03 CIAE-00 INR-10

NSAE-00 RSC-01 DODE-00 /102 R

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APPROVED BY EB/ISM:MJDUX

GSA:BROSS

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P R 232231Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LA PAZ

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E.O. 11652: N/A

TAGS: AORG, EIND, EMIN

SUBJECT: TIN DISPOSALS

REF: A. LONDON 13655

B. STATE 228338

1. RE ADNAN'S QUESTION WHETHER TIN COMMITTED ON LONG-TERM CONTRACTS WOULD COUNT AGAINST MINIMUM WEEKLY DISPOSAL RATE THE UNDERSTANDING IS THAT IF MARKET MOVES SHARPLY DOWNWARD GSA WOULD MODERATE ITS SALES. HOWEVER, IF AS GSA EXPECTS MORE THAN 5,200 TONS WERE TO BE COMMITTED ON LONG-TERM CONTRACTS, WEEKLY DELIVERIES UNDER THOSE CONTRACTS WOULD CONTINUE IN FORCE. ONLY DAILY SALES AND ANY NEW LONG-TERM CONTRACTS COULD THEN BE ADJUSTED IF THERE

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WERE PRECIPITOUS FALL IN PRICES.

2. WITH TIN SELLING AT RECORD LEVELS IN NEW YORK AND LONDON AND ABOVE ITC BUFFER STOCK "MUST SELL" RANGE IN PENANG, NOW IS EXCELLENT TIME FOR GSA TO DISPOSE OF TIN. ALTHOUGH THERE IS PROBABLY SOME SPECULATIVE ACTIVITY IN THE MARKET, THERE IS DEFINITELY A SHORTFALL IN PRODUCTION IN 1973 AND THIS SITUATION MAY CONTINUE IN 1974. ACCRDING TO BANGKOK POST ARTICLE OF NOV. 17, 60 THAI TIN MINES HAVE CLOSED AND 350 MINES HAVE REDUCED PRODUCTION BY FIFTY PERCENT DUE TO LACK OF DEISEL OIL.

3. THERE ARE NO RESTRICTIONS ON PARTICIPANTS IN LONG-TERM CONTRACT SYSTEM. IT IS EXPECTED THAT CONSUMERS WILL FORM BULK OF LONG-TERM CONTRACTS BUT TRADERS MAY PARTICIPATE. KISSINGER

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